



THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010

FEB 20 1997



MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES
COMMANDER IN CHIEF, SPECIAL OPERATIONS COMMAND
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Collection and Use of Past Performance Information in the Department of Defense

On December 18, 1996, the Office of Federal Procurement Policy (OFPP) granted all federal agencies relief from the mandatory requirement to use past performance information (PPI) in source selections on contracts below \$1 million (FAR Part 15) and to provide past performance evaluations on contracts of less than \$1 million (FAR Part 42). The Director of Defense Procurement issued a deviation from these FAR requirements to all DoD components on December 20, 1996. OFPP granted this relief with the understanding that DoD would design and implement a decision process for the use and collection of PPI tailored to the business sectors or areas within the Department.

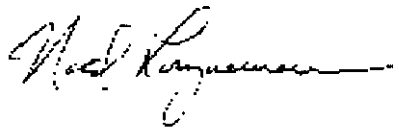
The Past Performance Coordinating Council (PPCC) determined that neither a single standard system for the collection of PPI nor dollar thresholds, set without regard to the nature of the specific business area or sector, are desirable. Our collective DoD goal is to strive for a reasonable degree of uniformity of PPI, within business sectors, to ensure fair and equitable treatment of all contractors. To accomplish this effort, I would like you to work as an Integrated Product Team (IPT) among the Components to develop a uniform management approach to the use and collection of PPI. This approach should include a process for deciding how business areas are defined, how the use of PPI in source selections is to be determined in these business areas and how PPI is to be collected and shared in support of the use determined for source selection. The effort of the Joint Aeronautical Commander's Group to define performance indicators within the aeronautical sector is a reasonably good model of a business sector approach. This model may be exported by the Services to define collection within other business sectors.

Your decision process should emphasize joint efforts among the Components, and Civilian Agencies, as appropriate, to achieve efficient and effective solutions. This effort should recognize existing systems if they already define PPI for certain business areas, emphasize shared information and the use of electronic data bases for collection systems. Organizations buying commodities or Inventory Control Point type end items are requested to participate in this IPT to determine whether there is sufficient commonality for a coordinated PPI approach with their respective business sectors.

This is a significant effort, critical to implementing an efficient process for obtaining best value goods and services for our procurement dollar. Please prepare a plan for me by

April 30, 1997, presenting the management approach discussed above. I request that the Defense Contract Management Command and the Air Force co-chair a Past Performance IPT. Membership from Component program managers, as well as solicitation of information from our industry partners, when and where authorized, is encouraged. I would like you to provide me with an interim report on your status, including any recommendations on improving the management approach during the week of March 12, 1997. Additionally, I would like for you to plan to present this topic at the American Institute of Aeronautics and Astronautics Fall 1997 Conference.

This direction supersedes A&T memorandum on Reengineering the Acquisition Oversight and Review Process dated April 28, 1995, and Acquisition Reform's memorandum on Collection and Use of Past Performance Information in the Source Selection Process dated December 18, 1996.

A handwritten signature in dark ink, appearing to read "R. Noel Longuemare", with a horizontal line extending to the right.

R. Noel Longuemare
Principal Deputy